

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, JUNE 10, 2003

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IN RE:

JOINT PETITION OF SPECIAL
DEPUTY RECEIVERS

of

CASE NO. INS-2003-00092

DOCTORS INSURANCE RECIPROCAL,
RISK RETENTION GROUP,
In Receivership,

AMERICAN NATIONAL LAWYERS
INSURANCE RECIPROCAL,
RISK RETENTION GROUP,
In Receivership,

and

THE RECIPROCAL ALLIANCE,
RISK RETENTION GROUP,
In Receivership,

Joint Petitioners.

ORDER CANCELLING HEARING

On April 30, 2003, the Commission entered a Scheduling Order and Temporary Injunction, in which the Commission enjoined the Deputy Receiver of Reciprocal of America ("ROA") and The Reciprocal Group ("TRG") (collectively, "ROA") from making any further payments to ROA policyholders, subscribers, or third-party claimants, with the exception of claims arising under ROA workers' compensation insurance policies and medical and recurring partial or total disability payments made thereunder, until further order of the Commission.

On May 7, 2003, the Deputy Receiver of ROA filed his Response in Opposition to Joint Petitioners' Request for Issuance of Temporary Injunction ("Response") and Response Brief in

Opposition to Joint Petitioners' Request for Issuance of Temporary Injunction. Therein, the Deputy Receiver of ROA asserted, *inter alia*, that on April 30, 2003, the Deputy Receiver of ROA issued his Fifth Directive, in which he directed the discontinuance of payments to policyholders, subscribers, and third-party claimants for claims under insurance policies of ROA until such time as the payments may be made by the state insurance guaranty associations or in accordance with orders issued by the Commission and that certain ROA workers' compensation insurance policy payments continue.

On May 23, 2003, the Special Deputy Receivers for Doctors Insurance Reciprocal, Risk Retention Group ("RRG"), American National Lawyers Insurance Reciprocal, RRG, and The Reciprocal Alliance ("TRA"), RRG (collectively, the "Companies") filed a Rebuttal Brief in Support of Maintaining Commission's Temporary Injunction Against Deputy Receiver's Dissipation of Assets ("Rebuttal Brief"). Therein, the Companies assert that the Temporary Injunction should continue in effect until the merits of the underlying case have been decided. The Companies further argue that "if the Commission were to lift the Temporary Injunction, the ROA/TRG Deputy Receiver could amend his Fifth Directive to dissipate assets once again unless the Commission issued another injunction or order prohibiting such payments."¹

On May 23, 2003, the Commission scheduled this matter for oral argument on the temporary injunction on June 3, 2003. On May 27, 2003, the Commission re-scheduled this matter for oral argument on the temporary injunction on June 12, 2003.

On June 9, 2003, counsel for the Companies filed a letter, as well as an Agreed Order Regarding Temporary Injunction. Therein, counsel asserts that the Companies and ROA believe that a hearing is no longer necessary. In the Agreed Order Regarding Temporary Injunction,

¹ Rebuttal Brief at 9.

counsel for the Companies represents that the Companies and ROA have reached agreement with respect to the Temporary Injunction. The Companies and ROA have agreed that the Temporary Injunction should be dissolved and that the Deputy Receiver of ROA should be ordered not to revoke, cancel or amend his Fifth Directive without first giving at least ten business days' written notice to the Companies and any other person who has, as of the date of such notice, made an appearance herein. This Order shall not be deemed to constitute findings of fact or conclusions of law with regard to the Joint Petition for Expedited Review of Claims and Deputy Receiver's Determination of Appeal filed by the Companies on April 25, 2003, or otherwise, and is without prejudice to claims and defenses of the parties.

Accordingly, IT IS ORDERED THAT:

- (1) The Temporary Injunction issued on April 30, 2003, is hereby Dissolved;
- (2) The Deputy Receiver of ROA shall not revoke, cancel or amend his Fifth Directive without first providing at least ten business days' written notice thereof to the Companies, the Commission, and to any other person who has, as of the date of such notice, made an appearance herein. Such notice shall specifically state the nature and reason for the proposed action and the total amount of monies, should the action involve monetary payments;
- (3) If an objection is filed prior to the proposed action regarding the Deputy Receiver of ROA's Fifth Directive, the action shall not be undertaken absent further Order of the Commission;
- (4) The hearing scheduled for June 12, 2003, is hereby cancelled; and
- (5) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of

the State Corporation Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219.

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